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# Proposed Contract Extension for Health Care Decision Support System Third Party Administrator

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Health Benefits Committee

Open Session

December 13, 2005

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# Purpose

Seek approval to extend Medstat contract for an additional two years, through June 2009

- Contract awarded in September 2002
- Contract will expire on June 30, 2007
- Board Resolution No. 92-04B-1 allows contracts beyond five years if it “serves the interests” of members and beneficiaries
- Board Resolution No. 92-04B-4 cites “reasonable cost” and “ability to monitor” as factors for longer contracts

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# Value of HCDSS (*1 of 2*)

## *What's In It?*

Three years of member claims and enrollment data

## *What Types of Data?*

Medical Services---Pharmacy Use---Financial---Eligibility

## *Who Furnishes Data?*

HMOs, PPOs, Pharmacy Administrator, Association plans

## *Who Maintains It?*

CalPERS contracts with Medstat to maintain the HCDSS

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# Value of HCDSS *(2 of 2)*

## 2004-2005

- HCDSS went live January 1, 2004
- Used HCDSS for 2005 and 2006 rate negotiations
- Used HCDSS for Regional Pricing for Contracting Agencies, Pharmacy Carve-Out, Pharmacy Benefits Manager RFP and Medicare Part D Subsidy

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# Why We Need to Extend the Contract

- Kaiser change to National Pricing
- New data supply from CCPOA
- Medicare Part D subsidy
- More time to increase our knowledge of HCDSS
- Process to award a contract and implement with a new vendor (if necessary) will take two years

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# Extension Details

- Medstat is willing to extend existing contract at current annual amount
- Funding for the extension is available in the Health Benefits Branch budget baseline

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# Staff Recommendation

- Extend the Medstat contract for two years, taking advantage of agreement to maintain system at current price